

19th Annual Greenlining Economic Summit

Event Title: “*By the People for the People: Communities Creating Change*”

April 20, 2012

Speaking Time – 12:20

You will be introduced by Greenlining Board Co-chair George Dean

- Thank you for inviting me to speak.
- We are now surging headlong into the Presidential election campaign.

Promises will be made and broken. Policies and programs will be pitched and ditched. Even entire personas may be Etch-a-Sketched away.

- It is therefore particularly fitting for a conference like this one to happen under the theme of “By the people, for the people”. Because in this current campaign what is unclear and lacking is a reflection on what this country was founded on and stands for.
- One of the greatest quotes in American history was said by Abraham Lincoln during the Gettysburg Address. He delivered his speech to solicit support to ensure the survival of our representative democracy. He asked the audience that day to devote themselves to the cause that the “government of the people, by the people, for the people, shall not perish from the earth.”
- So while I applaud the focus of this conference as “By the people” and “For the people”, I also ask you to include “Of the people.” It is essential. It is

essential that a government, an economy and utilities and corporations are both representative of and represent the communities they serve.

California's GO156 does just that. It ensures that the goods and services these companies procure are "*Of the people.*"

- For those of you who are not familiar with GO156, it is a program that encourages California companies under CPUC jurisdiction to procure at least 21.5% of their overall goods and services from diverse suppliers.
- My focus while leading the Commission is making sure that the infrastructure that's built for the people is built by the people -- all the people.
- We have over 30 companies participating in the program. In 2011 alone, these companies collectively procured over \$7 billion from diverse suppliers. Most of the bigger companies like AT&T, Verizon, Edison, Sempra Energy, PG&E, and just recently Sprint wireless have all surpassed the 21.5% goal. AT&T wireless and Sprint wireless were both most improved in terms of how fast they increased their procurement from diverse suppliers.
- I commend all the companies that participate in this program. Your willingness to embrace diversity in your supply chain shows that you are already ahead of the curve of your competitors.

- When I first started with the Commission I took this program under my wing because stimulating innovation and increasing competition is good for our ratepayers.
- And that's the goal of GO156 - to increase competition and allow new entrepreneurs an opportunity to compete on a level playing field in order for our consumers to get the best price. This in turn also enriches the same communities that these companies sell their products and services to.
- Programs similar to GO156 now exist in the District of Columbia and Maryland, and are currently being considered by 13 other States.
- As with everything else, California is leading the way. And I and Commissioner Simon are actively promoting and talking about GO156 with other State Commissions. However, we need to find a way to bring stronger national focus to supplier diversity.
- You know, people still associate supplier diversity with sort of a stigma that it must be a social justice effort. GO156 defies that stereotype on every level! If you talk with AT&T or PG&E or any other company that has incorporated supplier diversity into their supply chain, you will no doubt find that this is about shareholder value.
- Yes, it started as a legislative order in the early 1980s in the California State Assembly by then-member, the Honorable Gwen Moore. But I believe that

legislation and this program is the embodiment of the best of government - to step in when the market cannot or does not provide the investment in the future.

- I also now firmly believe the companies I mentioned earlier will continue their programs with or without GO156. They have seen the benefit of new entrepreneurs as part of their supply chain. They have realized the benefit of buying from a local small business that doesn't have the overhead costs of a large conglomerate. They have seen the change in the communities they serve when they empower those communities. So, for these companies GO156 is now a platform to broadcast their accomplishments. However, their programs will survive without the platform. That is because it is not a social justice program to them anymore.
- While I know Californians often think of themselves as their own nation, or at least the center of our given one, what I'm hoping for are ideas and solutions to put the goals and ideals of the GO156 program on an even bigger platform. A focus on supplier diversity should be an integral component of the supply chain for all companies in the US.
- I need your help to find a way to nationalize this program.
- I read on the agenda today that Susan Gonzales, Director of External Affairs at Facebook was a panelist in the morning session. It would be fantastic if

Facebook – the company that connects the world – can take part in connecting GO156 with other States. Maybe we could put GO156 up on Facebook and everyone here could “Friend” it.

- In all seriousness, though, we need to inform the conversation with the real data and results that we've seen in California.
- GO156 took on the stigma that diverse suppliers or small suppliers can't compete with larger companies. And it shattered that stigma. \$7 billion in 2011 was procured from diverse suppliers. It should go without saying that small businesses are the backbone of any economy. That's where the jobs come from. That's how we gauge the health of our economy. That's how communities are built. So, pumping \$7 billion into small businesses means thousands of jobs that build communities and create a successful economy.
- Imagine if the rest of the nation adopted a program like GO156. Yes, I'm sure many Fortune 500 companies will say that they already have a supplier diversity program. Well, I'm talking about a REAL one, with goals, metrics, standardized reporting and accountability.
- GO156 is a set of rules governing the development of programs to increase participation of women, minority, and disabled veteran business enterprises in procurement of contracts from participating companies.

- GO156 sets a defined set of parameters and also through its certification process ensures that minority ownership is at the corner stone of which business gets certified and which doesn't.
- Participating companies can only get credit toward their goal if they do business with a certified minority owned business.
- As I said, there are many diversity programs and most companies have their own diversity policies, but what distinguishes the companies participating in the GO156 program is that they all have a common platform .
- GO156 allows these participating companies to report their performance based on a consistent set of guidelines as well as setting a consistent set of goals. Other programs exist on an individual basis without a platform to gauge performance.
- Essentially, GO156 is the stage that brings all the participants together. It's the main reason why the participating companies in California have transformed their own supply chain and diversity programs from goodwill to good business.
- I'll make one last point before I turn it to the next speaker. In looking at today's agenda I couldn't help but notice the discussion about the national election and the politics of yes versus the divisive nature of today's Washington. I have been a Democrat all of my life so it shouldn't surprise

anyone how my vote will turnout. I'd love to crack a joke because I have been disappointed with the current administration's lack of real leadership and pioneering in this arena, but my fear of a Republican administration keeps me in line.

- Thank you.